

# SPECIAL NOTICE

January 16, 2002

For further information contact:  
Telephone Information Center  
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342  
Teletype 1-800-451-7985

## Dental Industry Update

Many businesses in the dental industry regularly report use tax to the Department of Revenue. Businesses that perform professional services are considered consumers of tangible personal property used in their business. This means that sales tax or use tax is due on materials, supplies, and equipment with some exceptions (*refer to the NOTE below*). Generally, you should pay sales tax on these items. However, if you make purchases directly from out-of-state sellers via the Internet, telemarketing, or mail order, you may not be charged sales tax. In such cases, you owe use tax on those purchases.

The following list contains examples of purchases on which you may owe the use tax:

- ◆ Consumable supplies such as stationery, medical and reference books, magazines, office supplies, etc.;
- ◆ Medical supplies such as gauze, cotton, swabs, nonprescription drugs, mouthwash, tools, etc.;
- ◆ Capital assets such as dental chairs, x-ray machines, furniture, instruments, office equipment, computer hardware and software, etc.

If you have purchased these or similar items, please take some time to review your purchases for the past year. If sales tax was not paid at the time of purchase, total the amount on which tax was not paid and report the total on your next Combined Excise Tax Return.

**NOTE:** On October 1, 1998, a new exemption went into effect that expanded the sales/use tax exemption for prosthetic devices to include dental appliances, devices, restorations, and substitutes, including full and partial dentures, crowns, inlays, fillings, braces, retainers and the components thereof. Sales or use tax is not due these items.

The law also expanded the term “to manufacture” to include the production or fabrication of these items by a dental laboratory or dental technicians. As manufacturers, dental laboratories are eligible for the sales/use tax exemption for manufacturing machinery and equipment used directly in making dental appliances, devices, restorations, and substitutes, and the components thereof when these items are manufactured for sale. Please keep in mind that manufacturing equipment does not include hand tools, items with a useful life of less than one year, buildings, and fixtures that are not an integral part of the manufacturing operation. For more information see WAC 458-20-13601.

If you have paid sales tax or use tax on prosthetic devices or qualifying machinery and equipment used to manufacture the items mentioned above, you may request a refund directly from the Department. Refunds are allowed for purchases made on or after October 1, 1998, subject to the statute of limitations. Refunds may be requested by either completing amended returns or preparing a worksheet detailing the overpayments. The worksheet must clearly identify the tax reporting periods involved. Requests for refunds should be directed to: Refund Section, Department of Revenue, PO Box 47476, Olympia, WA 98504-7476.

Thank you for taking the time to review your records. If you need assistance or have questions, please contact the Telephone Information Center at 1-800-647-7706.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.